STATE OF MICHIGAN

COURT OF APPEALS

HAMILTON MUTUAL INSURANCE COMPANY, SUBROGEE OF HELMUT SCHLUENDER, NANCY SCHLUENDER, and HARBOR BAY, INC.,

Plaintiffs-Appellants,

v

CARLISLE ENGINEERED PRODUCTS, INC.,

Defendant-Appellee.

UNPUBLISHED
October 25, 2002

No. 232269
Tuscola Circuit Court
LC No. 00-018842-ND

Before: Hoekstra, P.J., and Wilder and Zahra, JJ.

MEMORANDUM.

Plaintiffs appeal as of right the order granting defendant's motion for summary disposition in this subrogation action. We affirm. This appeal is being decided without oral argument pursuant to MCR 7.214(E).

Helmut and Nancy Schluender sold property to David and Mary Cascarelli on a land contract. The Schluenders continued to hold the insurance policy. The Cascarellis leased the property to defendant. When the roof of the building collapsed, plaintiffs paid the claim to the Schluenders and Cascarellis, and brought this subrogation action against defendant, alleging that the damage was caused by defendant's negligence.

This Court has held that a land contract vendee is entitled to benefits under a homeowner's insurance policy even though the vendee is not a named insured. *Singer v American States Ins,* 245 Mich 370; 631 NW2d 34 (2001). The Court reasoned that the standard mortgage clause in a policy provides coverage where a land contract vendor has substantially similar interests as a mortagee, which are insurable.

In *Wilson v Fireman's Ins Co of Newark, New Jersey*, 403 Mich 339; 269 NW2d 170 (1978), the Supreme Court found that an insured land contract vendor was entitled to recover for the full amount of the loss, including the vendee's interest. The Court cited *Northwestern Mutual Ins Co v Jackson Vibrators, Inc,* 402 F2d 37 (CA 6, 1968), where an interest in the property was assigned to third parties who were not named in the policy. The court found that the insurer was obligated to pay the entire proceeds under the contract, and the seller was obligated to apply the proceeds according to the terms of the land contract.

Where a lessor agrees to provide fire insurance for the benefit of both lessor and lessee, the lessee is relieved of liability for damage occasioned by its own negligence. *West American Ins Co v Pic Way Shoes of Central Michigan, Inc*, 110 Mich App 684; 313 NW2d 187 (1981). A tenant may reasonably expect that its rental payments will be used to cover the lessor's ordinary expenses, such as insurance. By effectively contributing to the premium payments, tenants will occupy a position akin to the insured, and be free of tort liability for negligently caused damage to the premises. *New Hampshire Ins Group v Labombard*, 155 Mich App 369, 376-377; 399 NW2d 527 (1986).

The Cascarellis are implied insureds as land contract vendees of the Schluenders. That insurance coverage extends to defendant as the tenant of the Cascarellis. The land contract sale did not increase the risk that was insured, and should have no effect on the coverage.

Affirmed.

/s/ Joel P. Hoekstra
/s/ Kurtis T. Wilder
/s/ Brian K. Zahra